The Exchange
  - Mission / Vision
  - Who We Serve
  - Organization
  - Mission Results

Real Estate (RE)
  - Mission / Vision
  - Organization
  - Planning
  - Procurement
  - 2013 – 2014 Programs

Questions
Mission and Vision

Dual Mission:

- Provide quality merchandise and services to our customers at competitively low prices; and
- Generate earnings in order to provide a dividend to support Morale, Welfare and Recreation (MWR) programs

Vision:

- To be our Customers’ First Choice
Our Shareholders

DEMOGRAPHICS

<table>
<thead>
<tr>
<th>Category</th>
<th>Count</th>
</tr>
</thead>
<tbody>
<tr>
<td>Active Duty</td>
<td>1,539,279</td>
</tr>
<tr>
<td>Retiree</td>
<td>2,403,157</td>
</tr>
<tr>
<td>Guard &amp; Reserve</td>
<td>1,187,727</td>
</tr>
<tr>
<td>Dependents</td>
<td>6,761,990</td>
</tr>
<tr>
<td>Civilians / Other*</td>
<td>551,504</td>
</tr>
<tr>
<td>Total</td>
<td>12,443,657</td>
</tr>
</tbody>
</table>

* DoD Civilians and eligible international military members.
43,000(+) Employees Serving Our Military World-Wide During Peacetime and Conflict
Mission Results

Where We Are
- 50 US States
- 5 US Territories
- 30(+) Countries

What We Have
- 157 Main Stores
- 69 Contingency Stores
- 5K(+) Services Activities
- 30K Vending Machines

1119 Specialty Stores:
- Automotive
- Class Six
- Box Office Video
- Bookmark
- Express Stores (254)
- Military Clothing (182)

Provide Goods & Services
- $10.3 B Revenue
- 3700(+) Facilities
- Proprietary Credit Card
- Water and Bread Plants
- Worldwide Logistics

Supply Chain
- Catalogs
- Online shopping

FY 11 Support for Army, Air Force, Navy and Marine MWR Services
- $203.3M in Dividends

- Army = $147.4M
- Air Force = $86.3M
- Navy = $1.0M
- Marine = $11.5M
- USAR = $1.1M
- ARNG = $4.6M
- USAFR = $1.5M
- Air NG = $0.2M

- Army = $105.2M
- Air Force = $64.7M
- Navy = $1.1M
- Marine = $12.1M
- USAR = $10.5M
- ARNG = $5.6M
- USAFR = $2.0M
- Air NG = $2.1M
Real Estate (RE) Overview
Real Estate Directorate

➢ Mission
  ➢ Plan, Develop, Construct and Maintain Exchange Real Estate Assets

➢ Vision
  ➢ Be a Catalyst for Sustained, Long-Term Business Growth
* Functional Review addresses facility location, size and shape.
Where Projects Come From

- **Master Planning Process**
  - Analyze Installations / Bases every 10-years
  - 3-Phase Approach (Kick-off, Interim, Final)
  - Command Involvement
  - Integrated With Installation Master Plan
  - Plan Entire Communities
  - Revalidation As Requirements Change

- **Shopping Center Replacement Strategy**
  - Age of the Facility
  - Years Since Last Renovation
  - Business Potential
  - Sales Per Square Foot (Stress)
  - Shifting Demographics

- **Sales Directorate (SD) / RE Strategies**

- **Locally Identified Requirements**
Planning Considerations

- Sales
- Demographics
  - Force Structure Changes
  - Families
  - Housing
- APF Requirements
- Service Versus Growth
- Affected Facilities
- Competition
- DeCA Operations
- Location, Location, Location!
Return on Investment

- A financially desired project: 10% and above
- A financially acceptable project: 7% - 9.9%
- A financially marginal project: Below 7%
## Balance is Key

<table>
<thead>
<tr>
<th></th>
<th>Project Cost</th>
<th>Internal Rate of Return</th>
<th>Net Present Value</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Express</strong></td>
<td>$4.3M</td>
<td>19.0%</td>
<td>$4.4M</td>
</tr>
<tr>
<td><strong>Dual Food</strong></td>
<td>$3.3M</td>
<td>16.7%</td>
<td>$2.6M</td>
</tr>
<tr>
<td><strong>Mini-Mall</strong></td>
<td>$11.8M</td>
<td>15.5%</td>
<td>$3.8M</td>
</tr>
<tr>
<td><strong>Total Positive Net Present Value</strong></td>
<td><strong>$10.8M</strong></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>Project Cost</th>
<th>Internal Rate of Return</th>
<th>Net Present Value</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Exchange</strong></td>
<td>$20.6M</td>
<td>3.8%</td>
<td>- $2.0M</td>
</tr>
<tr>
<td><strong>Mini-Mall</strong></td>
<td>$3.8M</td>
<td>4.0%</td>
<td>- $1.1M</td>
</tr>
<tr>
<td><strong>Total Negative Net Present Value</strong></td>
<td><strong>- $3.1M</strong></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Net Profit**  $7.7M
What We Procure

- Construction / AE Services
  - Data / Geo (Title 1) / Design (Title 2)
  - Construction Management (Title 3)
  - New Construction / Renovation
  - Environmental / Energy
- Store Support Services
- Facilities Management Office (FMO)
- Equipment / Fixtures
  - NBFF and In-house Food Equipment
  - Retail Store Fixtures
  - Office Furniture
  - Store Carpet and Flooring
  - Gas Dispensing
  - Fixture Logistics Installation Contract (FLIC)
- Overseas Plants
- Vehicles (non-GSA)
A-E Contract Types

- Small Projects – IDIQ Contracts
  - Set Hourly Rates
  - Individual Orders for each Project at FFP
- Large Projects – Individual Contracts
  - FFP Contracts with design phases
- Master Planning – IDIQ Contracts
  - Set Hourly Rates
  - Individual Orders for each Project at FFP
- Environmental – IDIQ and Individual Orders
- Energy Management – IDIQ and Individual Orders

**FFP** = Firm Fixed Price

**IDIQ** = Indefinite Delivery/Indefinite Quantity
Construction

› FMO Local → Small Projects
  › Construction Estimated < $25k

› HQ → Large Projects
  › Construction Estimated > $25k

› IDIQ multiple award contracts
  › Best Value Selection- technical and price considered
  › Design / Build, Bid / Build Burger King Upgrades
    › Awarded May 2011 for 5 years with 2 one year options
  › Design / Build, Bid / Build Shopping Centers
    › Awarded July 2008 for 5 years with 1 five year option
Funding Environment

$ Millions

Military Transformation

Fiscal Years 03 thru 13 – BoD Approved

FISCAL YEARS

FY03
FY04
FY05
FY06
FY07
FY08
FY09
FY10
FY11
FY12
FY13

Program

0
50
100
150
200
250
300
350

Sustainment

$ Millions

# Image Updates/Renovations

# New Construction

68
164

388M
1.56B

$ Image Updates/Renovations

$ New Construction
### Planned Project Starts

<table>
<thead>
<tr>
<th>Facility</th>
<th>Type of Work</th>
<th>CY 2013</th>
<th>CY 2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Shopping Center</td>
<td>New/Expand/Renovate/IU</td>
<td>10 / $121.5M</td>
<td>6 / $19.0M</td>
</tr>
<tr>
<td>Troop Store</td>
<td>New / Expand / Renovate</td>
<td>3 / $11.2M</td>
<td>-0-</td>
</tr>
<tr>
<td>Mini-Mall</td>
<td>New / Expand / Renovate</td>
<td>4 / $25.8M</td>
<td>1 / $5.9M</td>
</tr>
<tr>
<td>Express</td>
<td>New / Expand / Renovate</td>
<td>7 / $75.3M</td>
<td>2 / $11.4M</td>
</tr>
<tr>
<td>Food Projects</td>
<td>New / Expand / Renovate</td>
<td>3 / $10.1M</td>
<td>-0-</td>
</tr>
<tr>
<td>Special Projects</td>
<td>Build / Equip / Upgrade</td>
<td>1 / $8.9M</td>
<td>1 / $15.8M</td>
</tr>
<tr>
<td><strong>Project Totals</strong></td>
<td></td>
<td>28 / $252.8M</td>
<td>10 / $52.1M</td>
</tr>
</tbody>
</table>

**NOTE:** Only reflects projects that require Board of Director Approval.

As of 20 March 2013
Questions?